

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6944

BILL NUMBER: HB 1007

NOTE PREPARED: Jan 9, 2006

BILL AMENDED:

SUBJECT: Various business tax changes.

FIRST AUTHOR: Rep. Harris T

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: Pending

Summary of Legislation: This bill increases, over four years, for purposes of the Adjusted Gross Income Tax, the sales factor used to apportion business income. The bill eliminates the property factor and payroll factor that are also used in apportioning income for taxable years beginning after December 31, 2010.

This bill establishes the Small Business Innovation and Technology Grant Program to provide grants of up to \$15,000 from the Twenty-first Century Research and Technology Fund to small businesses that apply for Federal Small Business Innovation Research and Technology Transfer Grants. The bill provides that the Economic Development Corporation administers the program. It makes an appropriation.

This bill also provides that a person entitled to claim a state tax liability credit may transfer all or part of the right to claim the state tax liability credit to another person. The bill eliminates existing restrictions on the right to assign certain state tax liability credits. It provides, with respect to certain tax credits, that for a pass through entity that is treated as an S corporation for Federal Income Tax purposes, a shareholder's share of a tax credit is determined in the manner provided for determining an S corporation shareholder's share of credits under the Internal Revenue Code. The bill also provides, with respect to certain tax credits, that for a pass through entity that is treated as a partnership for Federal Income Tax purposes, a partner's or member's share of a tax credit is determined in the manner provided for determining a partner's share of credits under the Internal Revenue Code.

The bill deletes the January 1, 2008, deadline for a purchase of motion picture or audio production equipment to be eligible as a qualified investment for purposes of the Hoosier Business Investment Tax Credit (HBITC). The bill extends by five years (from December 31, 2007, to December 31, 2012) the date by which a qualified

investment must be made in order to be eligible for the HBITC. The bill also provides for automatic extensions of that date in five year increments unless the General Assembly enacts a law that terminates the automatic extensions.

Effective Date: July 1, 2006; January 1, 2007.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Jim Landers, 317-232-9869.